



11 May 2020

Mr Todd Lewis
Listings Compliance (Melbourne)
ASX Compliance Pty Ltd
Level 4, 525 Collins Street
Melbourne VIC 3000

Dear Mr Lewis

Alliance Resources Limited (ASX:AGS) - Cleansing notice in respect of non-renounceable entitlement offer

Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Alliance Resources Limited ACN 063 293 336 (ASX: AGS) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**).

Background

On 11 May 2020 the Company announced a non-renounceable pro rata entitlement offer to shareholders with a registered address in Australia and New Zealand (**Eligible Shareholders**) of one fully paid ordinary share (**New Share**) for every six shares held on the record date of 14 May 2020 (**Record Date**), at an issue price of \$0.08 per New Share, to raise up to approximately \$2.054 million (before costs) (**Entitlement Offer**).

Cleansing notice in respect of the Entitlement Offer

The Company advises that:

- (a) the Company will offer the New Shares under the Entitlement Offer without disclosure to investors under Part 6D.2 of the Act;
- (b) this notice is being given under section 708AA(2)(f) of the Act;
- (c) as at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act as it applies to the Company;
- (d) as at the date of this notice, there is no excluded information as defined in sections 708AA(8) and 708AA(9) of the Act, which is required to be set out under section 708AA(7) of the Act; and



- (e) the potential effect that the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors including investor demand.

If all Eligible Shareholders take up their entitlement under the Entitlement Offer in full (i.e. the Entitlement Offer is fully subscribed), there will be no change in each Eligible Shareholder's voting power in the Company.

If the Company's major shareholders, Abbotsleigh Proprietary Limited as trustee for the I. Gandel Share Investment Trust (**Abbotsleigh**), and Gandel Metals Pty Ltd ACN 102 347 955 as trustee for the Gandel Mining Trust (**Gandel Metals**), take up their full entitlements under the Entitlement Offer and no other shareholders take up their entitlement, there will be a significant change to the voting power in the Company. Abbotsleigh and Gandel Metals are controlled by Ian Gandel, a non-executive director of the Company.

Apart from existing shareholders which already have a relevant interest of more than 20% (such as Mr Gandel and his associated entities, Gandel Metals and Abbotsleigh), it is not currently anticipated that any other shareholder or potential investor will increase their relevant interest above 20% as a result of participating in the Entitlement Offer.

Capital structure

The share capital structure of the Company on completion of the Entitlement Offer will be as follows:

	Where fully subscribed
Shares currently on issue	154,038,332
Shares issued under the Entitlement Offer (approximate)	25,673,055
Total Shares on completion of the Entitlement Offer (approximate)	179,711,387



Commitment by Abbotsleigh and Gandel Metals

The potential impact on the voting power of Abbotsleigh and Gandel Metals commitment is as follows:

Abbotsleigh and Gandel Metals current shareholding	109,686,919 shares
Abbotsleigh and Gandel Metals current voting power	71.21%
Abbotsleigh and Gandel Metals entitlement under the Entitlement Offer	18,281,154 shares
Abbotsleigh and Gandel Metals voting power if Abbotsleigh and Gandel Metals are the only subscribers *	74.26%
Abbotsleigh and Gandel Metals voting power if Entitlement Offer fully subscribed*	71.21%

* on the basis that Abbotsleigh and Gandel Metals take up their full commitment

Shortfall facility

There is no shortfall to be offered.

The Company will shortly lodge with ASX an Appendix 3B with respect to the issue of the New Shares under the Entitlement Offer.

Yours faithfully,

Kevin Malaxos
Managing Director
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